

Application No. 09/832,304
GAU 3624
Filed April 10, 2001

AMENDMENT BY REPLACEMENT SECTION

Replace the section of the Application entitled "Detailed Description of the Invention" and insert the following text.

DETAILED DESCRIPTION OF THE INVENTION

In one embodiment of the present invention, each I-Card will have an initial pre-assigned monetary value. In another embodiment, this pre-assigned monetary value is printed on the card. In another embodiment, the monetary value of the I-Card is assigned individually at the time of purchase. The monetary value of the I-Card can be recorded on an electromagnetic strip, computer chip or other electronic machine readable storage device contained in the card.

In some embodiments of the invention, the I-Card vendor may need to transmit to the SVC the pre-assigned I-Card numbers that are sold. However, this information need not be tied to any individual purchase and may only need to be reported periodically to the issuing entity (SVC).

Figure 1 illustrates an embodiment of the invention wherein an I-Card vendor receives a consignment from the SVC 101. The vendor sells an I-Card of a specified or agreed amount to a buyer in exchange for payment of the agreed purchase price 102. The purchase price paid for the card may be the amount of the card value. Alternatively, the payment may be in a discounted amount or the specified amount plus a surcharge or handling fee. This surcharge or handling fee (hereinafter "vendor fee") may be based upon a percentage of the value of the card sold, or a flat rate per sale. The discount may be a percentage of the I-Card value based upon the anticipated duration of time between the receipt of payment from the buyer and the date that the SVC will be required to pay a merchant selling goods or services to the buyer. Alternatively, the discount may be based upon a volume value of the card or cards purchased by the buyer, with the SVC being compensated through the discounted value SVC will be required to pay to the merchant or merchants. It will be appreciated by persons skilled in the technology that other variations may be utilized as methods to encourage use of the card form of payment, or to offset the SVC's operating costs.

After the sale of the card by the vendor to the buyer and receipt of payment from

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the buyer 102, the vendor transfers the proceeds of the sale to the SVC 103. The amount of the buyer's payment conveyed to the SVC may involve a discounted amount as compensation to the vendor. If the embodiment of the invention requires individual tracking of cards for activation after receipt of payment, the vendor may also be required to notify the SVC of the card sold and issued to the buyer 104. The card may be activated by the SVC 105 concurrent with the notification from the vendor, after debiting an established account of the vendor to the credit of the SVC, or after receipt of the proceeds of the sale. It will be appreciated that the notification and activation may occur at the time and place of the card sale utilizing known and conventional electronic card scanning systems. These systems may also be utilized in the transferring the proceeds of the card sale.

Of course, the relationship between the vendor and SVC may exist in various forms, or the SVC may sell cards directly to buyer. The vendor may purchase the cards from the SVC prior to any sale to a buyer.

After purchase of the card, the buyer may tender the card to a merchant of goods or services in a manner similar to conventional credit cards or debit cards. Figure 2 illustrates one embodiment of this process wherein the buyer selects the desired goods or services for purchase from a merchant 201. The buyer presents the card to the merchant 202. The merchant can then verify the card directly with the SVC 203. This verification step may be through the card number or other identifier contained within the card. It is envisioned that the card identifier will be electronically encoded on the card. The card identifier can be compared with the SVC's account information. Concurrently, the merchant communicates the value of the goods or services selected by the buyer for purchase 204.

It will be appreciated that this account information, maintained or indexed by the card identifier, may have been established at the time the card was sold to the buyer or at the time the card was sold by the SVC to the card vendor. In other embodiments, the card may be dispensed from machines with the individual cards being activated within the SVC accounting system upon receipt of electronic messaging that the machine has dispensed a card, having an electronically encoded identifier, in exchange for payment.

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The SVC can determine whether the card is valid by comparison of the card identifier (hereinafter card number) communicated by the merchant with the SVC's records 205. If the card number is determined to be valid 205Y, the SVC will next determine whether the account balance corresponding to the card number has a balance equal to or greater than the monetary amount of the proposed purchase of goods or services from the merchant by the buyer 206. If the monetary balance of the account is sufficient 206Y, the SVC notifies the merchant that the SVC accepts the card and will make payment to the merchant in the amount of the transaction 207. The SVC may provide the merchant with a confirmation number or code that will constitute evidence that the SVC will make payment to the SVC merchant in the amount of the purchase 208. The SVC then causes the account correlating to the account number of the card presented by the buyer to be debited in the amount of the sale 209. The confirmation number and the transaction value may be separately presented by the merchant to the SVC for payment 210. The transaction can be completed with the monetary amount of the sale being conveyed to the merchant 211.

It will be appreciated that at no time during the series of steps and interchanges among the card vendor, the SVC, the buyer or the merchant is the identity of the buyer or the identity of any money accounts or banking information of the buyer disclosed. It will be appreciated that all of the steps or exchanges may be performed by electronic media without contact of any type among any of the parties (other than by electronic means such as the internet).

In other variations of the transaction steps illustrated in Figure 2, the card presented to the merchant by the buyer may not contain a card number deemed valid by the SVC 205N. In that event, the SVC will notify the merchant that the card is declined and that another card or card number needs to be presented 256. At that time the buyer may be given the opportunity to present another card 258. Alternatively, the SVC may determine that although the card number represents a valid account, (hereinafter "valid card number") the monetary amount contained within the account is not sufficient to pay the merchant 206N. The merchant may then be notified that an

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additional monetary funds, e.g., an additional I-card, or supplemental cash, etc., acceptable to the merchant must be tendered by the buyer 257.

The buyer may then present an additional card or supplemental card 259. If another I-Card is presented 259Y, the process beginning at 205 is repeated. If the buyer does not present a supplemental card, 259N, the buyer may present other funds 261Y. If the merchant accepts the funds as supplemental to a valid card (but having insufficient funds) the merchant may request the SVC to accept the card in the amount of the remaining card account as determined by the SVC's records 263Y. The process then returns to step 207.

If the buyer does not present other funds 261N or the merchant declines the additional or alternative funds, 263N, no transaction is conducted.

Figure 3A illustrates an embodiment of the invention utilizing individually assigned numbers, (hereinafter "PIN numbers") correlating to but in addition to a card number. This additional number, intended to be known only by the buyer, will offer additional protection by hindering unauthorized use of the card.

In some embodiments, the SVC may not activate or "turn on" an individual I-Card until the SVC is notified that the I-Card has been sold by a Vendor. Figure 5 illustrates another embodiment wherein the I-Card is activated on the SVC records from the time the card is distributed for sale. This embodiment eliminates the necessity of the vendor notifying the SVC of the sale of a specific I-Card number before a purchaser can utilize the card. This simplified procedure facilitates the sale of I-Cards through automated vending devices. (Although the SVC is not assured of payment prior to activating the I-Cards, a card vendor could not expect to receive compensation for cards it has not sold, therefore, reasonable protection against theft can be anticipated.)

In another embodiment, the I-Card monetary value is the amount that is paid by the I-Card purchaser from the vendor. In another embodiment, the I-Card purchaser pays a surcharge, premium or commission for the I-Card. This amount is in addition to the monetary value of the card. In another embodiment the card vendor transfers the I-Card sale proceeds, less a commission, to the SVC.

The I-Card purchaser's identity is not recorded on the card and need not be

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recorded by the card vendor. The I-Card may be transferred as a gift or by resale.

The purchased card ("I-card") has an identification number. The identification number is individual and unique to that card. This identification number ("card number") can be recorded in a magnetic strip or chip or other electronic machine-readable device. The I-Card identification number and the value are known by the SVC. The card purchaser can use the card by giving the card number to a merchant to have the merchant communicate the card number and the value of the purchase to the SVC. Alternatively, I-Card can be read by an electronic machine-readable device, reading the magnetic strip or chip in the card, and communicating the information instantly by conventional means to the SVC. The merchant in each case communicates the value of the purchase to the SVC. The SVC checks the validity of the card number, i.e., whether the card number is recorded on the SVC's records as an I-Card issued and activated for use in transaction, and the monetary value of the I-Card assigned to that number. If the SVC records show that the I-Card has a sufficient monetary balance, the SVC approves the purchase and issues a confirmation number to the merchant.

The SVC adjusts its records for the subject I-Card by deducting the amount of the approved purchase from the account balance maintained for the I-Card. The SVC pays the merchant the amount of the approved transaction.

In one embodiment of the invention, the SVC can deduct an amount from the payment made to the vendor merchant or deduct a commission or premium from the I-Card account balance as a mechanism to receive payment for its services and recover its costs of operation.

In one embodiment, the I-Card number is printed on the face of the Card. In another embodiment, the I-Card number is covered or obscured by a removable coating, tape, paper or similar device until the purchaser removes the covering. This mechanism can provide the purchaser with assurance that the card is valid with a monetary balance or value.

Figure 3A illustrates an embodiment of the invention wherein a vendor receives an I-Card consignment from the SVC 301. The vendor then sells an I-Card to a buyer 302. The vendor transfers the proceeds of the sale to the SVC 303. The vendor may

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optionally notify the SVC of the specific I-Card number (which may represent the prepaid account) sold to the buyer 305. The buyer selects a PIN number for the purchased I-Card 304, notifies the SVC of the selected PIN 306 and the SVC assigns or correlates the PIN to the I-Card prepaid account 308. The SVC then activates the I-Card 309.

Figure 3A illustrates an embodiment of the invention whereby the card purchaser can enter or create a PIN 304, or similar alphanumeric code selected by the card purchaser either by phone, computer-Internet connection, automated vending device or other input device to the I-Card issuer (SVC).

In another embodiment, the PIN can be pre-assigned by the SVC, along with the assigned I-Card number. In another embodiment, the I-Card may also contain a pre-assigned PIN that is covered or obscured until the coating or covering mechanism is removed by the purchaser. The PIN itself also can then be removed by the purchaser in a separate step, after the PIN is recorded or memorized by the purchaser.

In another embodiment, the I-Card can not have the PIN changed. This makes the I-Card more secure than cash since without the PIN, the I-Card has no value and there can not be fraudulent use or use by theft. However, the I-Card still preserves the anonymity of the card purchaser.

In another embodiment, the SVC pays the merchant the amount of the approved transaction less an agreed percent. In another embodiment, the SVC deducts a stipulated monetary charge from the payment to the merchant.

In another embodiment, the SVC credits an account, established for the merchant, in the amount of the approved transaction less any commission or service fee.

In another embodiment, the card vendor submits the proceeds from I-Card sales to the SVC at specified intervals.

In another embodiment, the vendor notifies the SVC of the card numbers sold.

In another embodiment, the card number is concealed from the vendor and revealed to the purchaser.

In another embodiment, the purchaser may optionally elect to create a PIN for

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the I-Card or chose not to utilize a PIN, thereby allowing a third person to utilize the card if stolen or lost.

The merchant can deduct or transfer the monetary fund from the SVC established account to another account selected by the merchant.

The merchant may direct the SVC to deposit accumulated funds daily to a bank or similar account maintained elsewhere by the merchant.

The merchant account maintained at the SVC can be an interest bearing account.

In one embodiment, the unspent balance on the card may be redeemed in cash by the card purchaser.

The facility redeeming the card can receive a percentage or, alternatively stipulated amount from the SVC.

In another embodiment, the unspent balance can only be combined with the unspent balance of other I-cards to be redeemed for a single new card of a larger denomination. The facility redeeming the card can be paid a percentage of the monetary value of new card or a stipulated monetary amount by the SVC.

Figure 4A illustrates an embodiment whereby the unspent, residual balance or monetary value of the I-card can be redeemed, whether for cash, items of similar monetary value, combined with other residual balances on I-cards, or combined with cash for an I-card of a larger monetary amount. Figure 4A illustrates the transaction activity beginning with a buyer possessing one or more I-Cards having monetary value, i.e., a residual prepaid account 451. The buyer may present the I-Card directly to the SVC 452 or to an I-Card vendor 453 that then presents the I-Card number, which can be correlated to the prepaid account, to the SVC 455. In either instances, the SVC checks the validity of the I-Card, i.e., does the I-Card correlate to a prepaid account having a positive balance 454. If the I-Card is "valid" 454Y, the SVC checks whether a PIN is required 457. If a PIN is required 457Y, the SVC determines whether a PIN has been submitted. If a PIN has been submitted 461Y, the SVC determines whether the submitted PIN is correct 464. If the correct PIN has been submitted 464Y or it was determined that no PIN was required 457N, the transaction proceeds to step 470 in

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Figure 4B.

Continuing with Figure 4A, if it is determined in Step 461 that a PIN is required but has not been submitted 461N, there is a prompt to "Submit PIN". If a PIN is then submitted 462Y, then the correctness of the PIN is checked 464. If no PIN is submitted after the prompt 462N, the transaction ends. If the submitted PIN is incorrect 464N, the buyer is notified 466 and given the opportunity to submit a new PIN 467. If no new PIN is submitted 467N, the transaction ends. If a new PIN is submitted 467Y, the transaction proceeds again to step 464.

If the submitted I-Card is determined to be invalid 454N, a prompt to submit another I-Card is issued 456 and the buyer may submit an alternate I-Card 458. If no alternate I-Card is submitted 458N, the transaction ends. If an alternate I-Card is submitted, the transaction returns to step 452 and the validity of the alternate I-Card is determined 454.

Figure 4B begins with an inquiry whether the buyer has submitted multiple valid I-Cards 470. If yes 470Y, the buyer is asked if the residual positive prepaid account balances are to be consolidated into a single I-Card account 472. If No, or there has been only a single valid I-Card presented, the buyer is asked if the buyer wants to return the I-Card balance(s) for cash 474. If no 474N, the transaction can end. If yes 474Y, the cash is issued to the buyer 476 and the I-Card account numbers are deleted from the SVC records 478. Alternatively, if the buyer has presented multiple valid I-Cards and desires to consolidate the balance into a single I-Card 472Y, a new I-Card is issued in the amount of the combined balance 473 and the SVC deletes the redeemed I-Card numbers from its records 475.

Figure 5 illustrates and embodiment wherein the vendor conveys value to the I-Cards when received from the SVC 501. This value may be discounted from the "face value" of the purchased I-Cards 502. The SVC, having received payment, activates the I-Card accounts as having prepaid account balances 503. The I-Cards are sold by the vendor to buyers 504. The buyer selects good or services for purchase from a merchant 505 and presents the I-Card for payment to the merchant 506. The merchant transmits the I-Card account number to the SVC 507 and the amount or the value of the

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goods or services intended to be purchased 508. The transaction can then proceed as outlined in Figure 2, and specifically picking up at step 205.

Figures 6A and 6B illustrate yet another embodiment of the invention. SVC distributes activated I-Cards to Vendors or automated vending machines 601. A buyer purchases one or more I-Cards 602. The SVC collects the purchase price paid from the sale of the I-Card 603. The buyer selects goods or services for purchase from a merchant 604. The buyer presents the I-Card(s) to the merchant for payment 605. The merchant transmits the I-Card number to the SVC 607 and transmits the value of purchased goods or services to the SVC 608. The SVC verifies the I-Card(s) numbers represent valid I-Card accounts 609. If the card is determined to be invalid 609N, the merchant is prompted "Card declined, present another card" 610. The transaction then proceeds to step 625 of Figure 6B, wherein the buyer may present another I-Card. If the buyer does not present another I-Card 625N, there is no transaction. If the buyer does present another card 625Y, the process returns to step 605 of Figure 6A.

If the card is valid 609Y, the SVC checks whether a PIN is required for the I-Card 611. If a PIN is required 611Y, the SVC verifies if a correct PIN has been submitted 613. If the submitted PIN is incorrect 613N, the merchant is prompted "PIN incorrect" 615 and the transaction proceeds to step 631 of Figure 6B wherein the buyer may resubmit a PIN number. If the resubmitted PIN is not correct 631N, the buyer may be prompted to submit a supplemental I-Card. If the buyer does not submit a supplemental I-Card 632N, there is no transaction. If a supplemental I-Card is submitted, the process returns to step 605 of Figure 6A. If the resubmitted PIN is correct 631Y, the process goes to step 613 of Figure 6A.

If a PIN is not required 611N, or the submitted PIN is correct 613Y, the SVC verifies if the I-Card balance is OK, i.e., represents a positive prepaid balance 616. If the I-Card is determined to have no or insufficient prepaid balance 616N, the merchant is notified "Balance Insufficient" 618 and the transaction proceeds to step 627 of Figure 6B wherein the buyer may submit a supplemental I-Card. If no supplemental I-Card is presented 627N, the transaction ends. If the buyer does submit a supplemental I-Card 627Y, the process returns to step 606 of Figure 6A.

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If the I-Card is determined to be valid, e.g., contains a sufficient balance 616Y, the SVC notifies the merchant that the I-Card is accepted 617. The SVC transmits an approval confirmation number 619 and the SVC deducts the value or amount of the sales transaction from the I-Card balance 621. The merchant subsequently presents the transaction amount and confirmation number to the SVC 623 and the SVC credits the merchant's account with the amount of the transaction 625.

In another embodiment, the amount deducted by the SVC from the approved payments to merchants is adjustable.

In the preferred embodiment, the amount of money deducted by the SVC is a variable percentage determined periodically, for example daily, weekly or monthly, based upon the monetary value of all sales by the merchant with the I-Card.

In another preferred embodiment, the merchant receives renumeration from the SVC based upon the volume in dollars or number of transactions utilizing the I-Card.

Examples of such renumeration may include frequent flyer miles, the monetary value of a percentage of all I-cards sales made by the Merchant during a stipulated period.

The I-card may be used in any transaction, regardless of the monetary amount.

In another embodiment, the I-card can never be redeemed for cash, whether by the I-card purchaser possessing possessing the PIN, if any, or not.

In another embodiment, the I-card can not be used without the correct PIN, thereby causing the I-card purchase price to be retained by the SVC. This retention of the unspent card value can be used to reduce the operating cost of the SVC, thereby allowing the SVC, if desired, to reduce the amounts deducted from the payments to merchants for approved transactions or increase the commission or other renumeration to I-Card vendors.

In another embodiment, the I-Cards may be purchased with cash, credit cards, bank debit cards, or a combination of these sources or by other accepted forms of payment.

In another embodiment, the I-cards may be purchased by use of automated machines such as by automated teller machines (ATMs) utilizing credit cards or bank

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debit cards or by similar machine designed to accept cash.

In another embodiment, the I-Card can be purchased in an amount or value specified by the purchaser. This amount can be selected in response to information received from a merchant for the cost of a specific, individualized transaction. This information can be received by the purchaser from the Vendor via the Internet or other means, including other forms of interactive electronic communication.

It is anticipated that other embodiments of the present invention will be readily apparent to those skilled in the art. The invention in its broader aspects is therefore not limited to the specific details, representations, schematic drawings or examples and embodiments shown and described herein. Accordingly, departures may be made from the details without departing from the spirit or scope of the disclosed general inventive concept.